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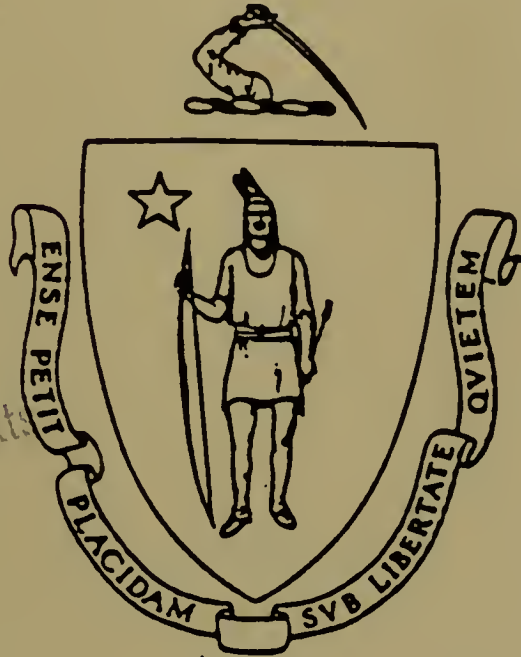
Scott Harshbarger Attorney General

*Presents an
Educational Conference for Members of Non-Profit Boards*

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NON-PROFIT BOARDS: DILEMMAS IN DOING THE RIGHT THING

Thursday, April 7, 1994

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WPPPCF/39



SCOTT HARSHBARGER
ATTORNEY GENERAL

(617) 727-2200

The Commonwealth of Massachusetts
Office of the Attorney General
One Ashburton Place,
Boston, MA 02108-1698

**NON-PROFIT BOARDS:
DILEMMAS IN DOING THE RIGHT THING**

APRIL 7, 1994

AGENDA

4:00 - 4:30P **Welcome and Keynote Remarks**

Scott Harshbarger
Attorney General

4:30 - 5:15P **Panel Discussion: Building and Sustaining
an Effective Board**

- Board Membership and Structure
- Duty to Govern
- Conflict of Interest

Moderator: *Richard C. Allen*
Chief, Public Charities Division

Panelists: *Melinda G. Marble*
Vice President for Program
Boston Foundation

Fernando Menendez
Burgess Urban Fund
Episcopal City Mission

Johanna Soris
Assistant Attorney General
Public Charities Division

5:15 - 5:30P **Question & Answer Period**

Facilitator: *Scott Harshbarger*
Attorney General

5:30 - 5:50P **Break**

5:50 - 6:40P **Panel Discussion: More Tough Dilemmas**

- Balance of Power Between Board and Staff
- Compensation and Evaluation
- Staff Hiring, Sustaining, Firing

Moderator: *Richard C. Allen*
Chief, Public Charities Division

Panelists: *Paula Swilling Two Feathers*
Senior Consultant
The Support Center of Massachusetts

Craig J. Dutra
President
United Way of Greater New Bedford

6:40 - 6:55P **Question & Answer Period**

Facilitator: *Scott Harshbarger*
Attorney General

6:55 - 7:00P **Summation & Closing Remarks**

Scott Harshbarger
Attorney General

ACKNOWLEDGMENTS

The Attorney General would like to thank the Conference Planning Committee who gave generously of their time, ideas, and energies: Marcia Countie (United Way of Mass.), Robert Hohler (consultant), Thomas McLaughlin (consultant), Sally Peabody (Associated Grantmakers of Mass.), Paul Pronovost (Better Business Bureau) [Attorney General Staff: Richard Allen, Carol Ann Aloisi, Sheila Martin, Johanna Soris].

Special thanks to Carol Ann Aloisi, Sheila Martin, Carrie Smotrich, the Charities Division staff, and the Support Services staff for handling outreach, registration, and preparation of the conference materials.



Donating Do's and Don'ts

Scott Harshbarger
Attorney General

(617) 727-2200

Most charities are reputable and worthy of your financial support. Charitable fundraising is a big business these days, however, and just like any big business, it has its share of questionable operators. With today's economy, it's more important than ever to make your donations carefully. Follow the tips outlined here before making a donation.

DO know your charity. Never give to a charity you know nothing about. Ask for printed materials which clearly and specifically state:

- the name, address and telephone number of the charity;
- a specific description of how and where the charitable funds will be used;
- whether your donation is tax deductible as a charitable contribution and
- the name, address and telephone number of the professional fundraiser, if any, the charity uses.

DO find out where your money goes.

- Ask how much of the money goes to the charity; a paid fundraiser may be involved.
- Beware of statements such as "all proceeds go to charity;" the "proceeds" may not be very much after expenses are deducted.
- Ask for financial statements which tell you how much of your charity dollar goes to fundraising or administrative and general expenses, and how much is left for the program you want to support.

DO verify the information given.

- Call the Division of Public Charities at the Attorney General's Office in Boston (617-727-2200), or call the Attorney General's Office in Springfield (413-784-1240), to find out if the charity and its fundraiser are registered to operate in the Commonwealth. The Attorney General does not endorse specific charities but does collect financial information which is available for public inspection upon request.
- Call your local police department; some require organizations to register before soliciting; they may be able to tell you if they have received complaints about the solicitation.
- Call the beneficiaries of the charitable funds--local schools, shelters, workshops, etc. Find out whether they are aware of the solicitation and have authorized the use of their names.

DO keep records, especially receipts and cancelled checks, in case you have a complaint later. They also come in handy when you file your income tax returns.

DON'T be fooled by a name. Some phony charities, including for-profit companies, have sympathetic sounding names, or names that closely resemble those of respected, legitimate charities.

DON'T fall for a "sob story." The hard luck tale is a favorite ploy of the phony operator. A legitimate charity will tell you how it's using your money to make a difference for the better.

DON'T succumb to pressure. Take time to decide. The need is always there; make sure the organization will be there, too.

DON'T pay by cash. Pay by check, and make it out to the charity (use its full name; don't use initials), not the fundraiser. Never give your credit card number to a fundraiser over the telephone. If the fundraiser comes to your door, always ask to see identification. Better yet, mail your check directly to the charity.

DON'T be lured by "goodies." Household products and tickets to shows can be legitimate fundraising tools, but they do add extra costs. If you receive unordered items in the mail, don't feel obligated to make a donation. It's against the law to demand payment for unordered merchandise. Watch out for sweepstakes as well; you may end up "winning" very little or something you don't want.

If you want to find out if a charity is registered in Massachusetts, call the Attorney General's Office:

Boston:
Division of Public Charities
(617) 727-2200

Springfield:
(413) 784-1240

Or call your local Better Business Bureau.

If you want to obtain more information about a national charity, contact:

The Council of Better Business Bureaus'
Philanthropic Advisory Service
4200 Wilson Boulevard
Arlington, VA 22203-1804
(703)276-0100;

The National Charities Information Bureau
19 Union Square West
Department FT
New York, NY 10003-3395
(212)929-6300

November 1992

ATTORNEY GENERAL'S GUIDE FOR
CHARITIES WHO FUNDRAISE FROM THE PUBLIC

Many charitable organizations raise funds from the public. In addition, many organizations which are otherwise not charities raise funds from the public for charitable causes and are subject to Massachusetts laws governing charitable solicitation. It is important to the public, to charities in general, to the particular fundraising organization, and to the intended beneficiaries of the donated funds that such fundraising occur smoothly, efficiently and honestly.

While some charities can afford to employ full time fundraising personnel, others use volunteers to conduct fundraisers. Still other charities and non-profits hire professional solicitors. (For the sake of brevity, in this guide references to charities are intended to include noncharitable organizations, such as unions or fraternal or civic organizations, when they solicit funds for charitable purposes.) Whatever the method of fundraising, a charity must keep in mind at all times that its good name is its most important and valuable asset. In fact, this is so important that under Massachusetts law, a charity's name may not be used in a fundraising by another person or entity without the charity's permission.

The success of a fundraising campaign or event will be due in large part to the sense of trust that prospective donors place in the charitable organization. They trust that the charitable organization will raise the funds without excessive fundraising expenses, that the organization will use the donated funds for the purposes for which they were solicited, and that the charity will operate efficiently without wasteful administrative costs. Charities must continually work hard to earn this trust, no less during fundraising than at all other times. Unfortunately, without careful attention by the charity, its fundraising campaign can fail to measure up to this responsibility. The result can be serious harm to the public and to the charity itself.

This guide is provided to help fundraising charities anticipate potential problem areas and take steps to avoid them. By avoiding problem areas in fundraising, charities can enhance rather than undermine the public's trust. Charities who do not fundraise carefully will risk bad publicity and damage to their reputation, as well as eventual loss of income and, if law violations occurred, legal action by this office.

This guide discusses the fundraising campaign in four sections: (1) planning a fundraiser; (2) beginning the fundraiser; (3) conducting the fundraiser; and (4) concluding the fundraiser.

1. Planning a Fundraiser

When planning a fundraiser, charities should consider taking the following steps:

- * Set your goals for the fundraiser. Be specific about issues such as how much money you wish to raise, the type of fundraiser you wish to hold, the duration of the campaign, and the purpose for which you wish to hold the fundraiser. All people involved in the fundraiser, or in the organization if possible, should participate in setting and clearly understand these goals.

- * Be sure that your organization is registered and current in its filings with the Division of Public Charities, Office of the Attorney General, as required by Massachusetts General law. (PLEASE NOTE: organizations which are otherwise not charities but raise funds from the public for charitable causes must register as charitable organizations.) If you have questions about your organization's filing status or would like a copy of our two general guides ("Questions Commonly Asked" and "Guide to the Registration and Filing Requirements of the Division of Public Charities"), call or write the Division of Public Charities or stop by the office during business hours:

Division of Public Charities
Office of the Attorney General
One Ashburton Place, 14th Floor, Room 1413
Boston, MA 02108
Tel. (617) 727-2200, ext. 2101

Springfield office (413) 784-1240

- * Some charities turn to professional solicitors to help them raise money. Charities who use paid solicitors must be very careful in entering into such arrangements, because they are authorizing an outside entity to represent them to the public. If problems arise in the fundraising, the charity will suffer. If high fundraising costs are involved, potential donors as well as the general public will be very concerned. Also, some solicitors can be overzealous in an attempt to raise funds from the public, leading to misrepresentations made in the charity's name,

for which the charity as well as the solicitor is legally accountable.

* If your organization is considering hiring a professional solicitor, get information from a number of solicitors. Beware of the solicitor who promises something for nothing or "easy money". In order to make sure that the organization is receiving the best possible deal, financial or otherwise, the organization should survey several different fundraising organizations to determine not only which solicitor will give them the best financial deal, but also to see which method of fundraising will best suit their needs. For example, get bids from solicitors, have a frank discussion with solicitors about how much money is expected to be raised during the campaign, ask for a good faith estimate of expenses, demand frequent accountings, and make clear that the charity will control the solicitor, not the other way around. The Attorney General's Report on Charitable Fundraising, which provides financial data regarding the track records of professional solicitors registered with the Division of Public Charities, is a valuable source of information for organizations which intend to hire a professional solicitor.

* The same caveats generally apply when a store or other commercial business advertises that a portion of the purchase price of the business' products or services will go to your organization (under the law, this arrangement is a commercial co-venture). Find out whether your organization is getting a good deal for the amount of revenues it expects to raise, get frequent accountings, and make sure the charity maintains overall control of the campaign. And again, no one can use your organization's name in this way without the organization's written permission.

* Make sure that the professional solicitor or commercial co-venturer you engage to fundraise in Massachusetts is registered and bonded with the Attorney General's Office, as required by law. These registration records are available for public inspection, and are an excellent source of information for charities. They include the amount of revenues raised and fees charged in previous campaigns, if any, and the names of other charities who have dealt with them and may be able to provide references. Contact the Division of Public Charities, Office of the Attorney General, in Boston (617-727-2200) or call the Attorney General's Office in Springfield (413-784-1240) to find out more information.

* If you choose a raffle or Las Vegas night as the method of fundraising, make sure that you clearly understand the law in Massachusetts relating to these types of fundraisers. Some key components of the law are that the sponsoring organization must be a non-profit organization which has been in existence for a minimum of two years. The organization must apply for a permit to the clerk in the city or town in which the raffle or Las Vegas night will be held. Volunteers from the organization, not professional gaming operators, must conduct the Las Vegas night games. (If you would like a copy of our Guide, "Questions and Answers on Nonprofit Gaming Events," contact the Division of Public Charities.)

2. Beginning the Campaign

In beginning the fundraiser, the organization will want to make sure that all parties involved are fully prepared to handle many different responsibilities. The following are especially important.

* All people who will be directly contacting the public as representatives of the charity, whether they are volunteers or professionals, should be thoroughly trained as to how the charity would like to be represented to the public. In the case of telephone solicitations, the charity should prepare or approve a script. They may also want to anticipate potential questions that the public may ask of the callers, and prepare responses for the callers, so that the callers are not left to answer questions on their own.

* The charity should review and authorize all material that is presented to the public in its name. In the case of a mailing, the charity should approve the actual material to be sent out; in the case of telephone solicitation, the charity should prepare or review the script. When the charity authorizes the material, it should verify that all information being presented to the public is an accurate portrayal of the charity and its program, including representations as to the tax benefits of a donation. The charity must be certain that the public is not being misled in any way.

* If canisters are being used as a method of fundraising, the label should clearly state the name of the charity which will benefit from the proceeds, as well as the address and phone number of the charity. Furthermore, if a professional solicitor -- in this case someone who places and maintains the canisters in exchange for a portion of the proceeds -- is handling the canisters, the label must clearly state that a professional solicitor is involved.

* Contracts are perhaps the most important aspect of a fundraising campaign involving a professional fundraiser because they are the legal description of the relationship between the fundraiser and the charity. BE SURE that you understand the terms of the contract before you sign it. It should be reviewed with an attorney if at all possible. Contracts should do all of the following.

Contracts should be extremely clear and understandable. Do not dismiss a paragraph that you do not understand because of "legal jargon."

Contracts should spell out the responsibilities of each party; even the smallest detail should not be left up to later discussion. For example, some fundraisers solicit funds by asking people to purchase tickets to an event, with the representation that in turn the tickets will be donated so that disadvantaged children can go to an event. In this situation, the contract should clearly specify which party, the fundraiser or the charity, will be responsible for getting commitments from individuals or organizations who are willing to accept them, and for distributing the donated tickets.

Contracts should carefully delineate the financial transaction responsibilities of the charity, such as who will be responsible for various expenses, who will be in charge of the incoming funds, will the fundraiser give periodic status reports to the charity, how will both the charity and the fundraiser receive their compensation, and so on.

Contracts should carefully spell out who will, for the future, own the list of donors who give to the charity. If the charity owns the list, will the fundraiser have a right to use the list in future fundraising? If the fundraiser owns the list, will the charity have a right to give a copy to another fundraiser for a future campaign? Donor lists are a very valuable commodity. Does the contract provide for sufficient compensation for the charity? Again, leave nothing to chance.

3. Conducting the Fundraiser

The actual campaign is perhaps the most important period of a fundraiser; this is often the time of greatest exposure to the public a charity will ever have. Even in the case where a professional solicitor is used, the charity's responsibilities

do not end once the contract has been signed. As mentioned earlier, charities are responsible for actions taken on their behalf. Thus, both charities who use professional solicitors and those who do not will want to be sure to do the following during the actual campaign:

- * In a case of telephone solicitation, the charity should closely monitor the callers to make sure that they are following the script. Especially when a professional solicitor is making the calls, the charity should know from where the calls are being made, and should pay several visits to monitor the calls make sure that scripts are accurately being followed. Another method for monitoring is to call back at random some people who the solicitor has called, to make sure what was said. Remember that under Massachusetts law, professional solicitors must disclose their status as such to donors during the telephone solicitation.

- * When donated tickets to an event are solicited, the charity should closely monitor the solicitation so that no more donated tickets are solicited than the amount of ticket commitments or the seating capacity allow.

- * Closely monitor money movement and intake. Ideally the charity will receive the donations and be the one to make all deposits and withdrawals. However, if a professional solicitor is in charge of this aspect of the campaign, the charity should receive regular accountings, perhaps weekly, of all income and expenses. All donor checks should be made out to the charity, not the solicitor, and the charity should not delegate to the solicitor the authority to endorse the checks.

- * Charities should carefully track any complaints received from members of the public. If a pattern develops, the charity may want to review the area which is causing confusion or concern to the public. A special note of caution here: there are for-profit businesses which try to sell their products by misleading prospective purchasers into thinking that the proceeds will be used for charitable purposes. Aside from being illegal, these deceptive practices harm legitimate charities and erode the public's trust in charitable organizations in general. Whenever you or your organization become aware that a non-charity is using a charitable appeal, report it to the Attorney General's Office.

4. Concluding the Fundraiser

The charity's responsibility to the public does not end once the actual solicitation has concluded. It is the responsibility of the charity to take the following steps once the campaign is completed:

* The charity should conduct a full accounting of all income and expenses. The charity will have to report this information to the Division of Public Charities in their annual financial filing. In addition, for those charities who hired professional solicitors, the professional solicitors are responsible for accounting to the Division of Public Charities on our Form 11A. Charities are required to sign this document to verify the figures presented by the fundraiser. Thus, charities should be certain that the figures presented by the solicitors are accurate.

* The charity is also responsible for making sure that the proceeds are used for the purposes for which they were raised. Thus, if donors were told that their contributions would be used for scholarships in the local schools, then they must be used for such scholarships, and not for a different charitable purpose.

* * * * *

Raising money from the public for charitable purposes is a solemn responsibility. The public believes that charitable organizations will do what they claim they will do with the charitable donations. In turn, charitable organizations rely upon that belief to generate donations which fund programs. Unfortunately, this trust can be broken by problems which arise during fundraising.

Charities who closely monitor campaigns and carefully research professional fundraisers can avoid these pitfalls. As a result, the charity should experience a fundraising campaign that not only is financially successful but also enhances the organization's reputation with the public.

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SCOTT HARSHBARGER
ATTORNEY GENERAL
COMMONWEALTH OF MASSACHUSETTS



**ATTORNEY GENERAL'S REPORT
ON CHARITABLE FUNDRAISING**

NOVEMBER 1993

November 1993

ATTORNEY GENERAL'S REPORT
ON CHARITABLE FUNDRAISING

Often bombarded with requests for charitable contributions, donors want to know what happens to their charitable gifts. They want to make sure that their donations are actually used for the charitable purposes they intended. This report is designed to help Massachusetts citizens ask the right questions so they can make informed decisions about charitable giving.

Increasingly, charities are paying professional fundraisers--solicitors, who appeal for donations on behalf of the charity, and fundraising counsel, who help charities develop their fundraising programs--to assist them in raising money. In recent years, the number of professional fundraising organizations operating in Massachusetts has risen dramatically. In 1981, the Division of Public Charities at the Office of the Attorney General had 39 professional fundraisers registered to do business in Massachusetts. Currently, in 1993, 194 professional fundraisers are registered, including 66 solicitors.

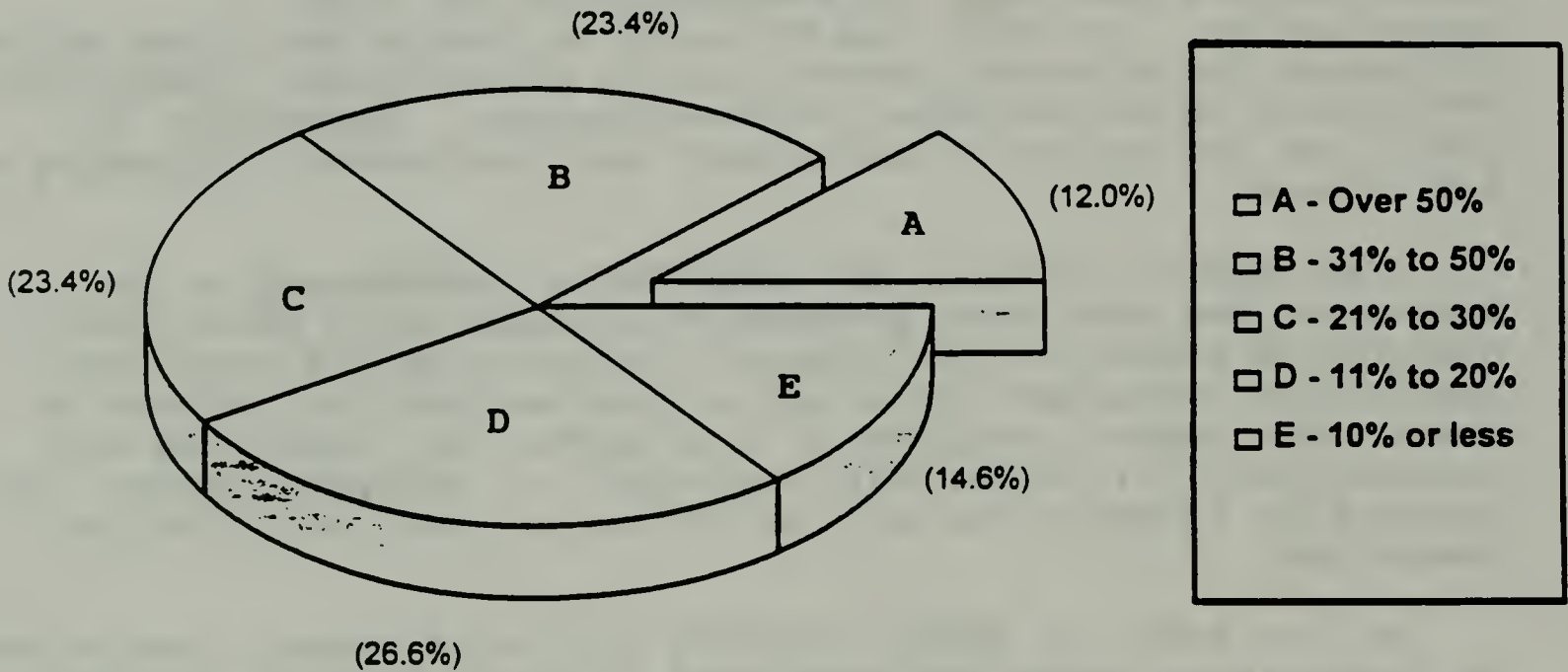
This report explains how charitable fundraising works, including the role that professional fundraisers play, and includes a survey of the financial results of 158 charitable fundraising campaigns reported by professional solicitors in 1992. The report consists of five parts: (a) Charities and Fundraising; (b) Fundraising Methods; (c) Informed Giving; (d) Sources of Information; and (e) Survey of 1992 Solicitation Campaigns.

As set forth in detail in Part E of this report, the survey of fundraising campaigns conducted in Massachusetts in 1992 yielded the following information:

- a) On average, the organizations received 28.9% of the money raised, after the expense of fundraising was deducted;
- b) Of the 158 campaigns reported, 12% of the charities received over 50% of the gross revenue;
- c) 23.4% of the charities received between 31 and 50% of the gross revenue;
- d) 23.4% of the charities received between 21 and 30% of the gross revenue;
- e) 26.6% of the charities received between 11 and 20% of the gross revenue;
- f) 14.6% of the charities received 10% or less of the gross revenue.

[See graph below]

FY 1992 Fundraiser Report: Percentage to Charity



A. Charities and Fundraising

We all have a stake in ensuring the successful future of charitable organizations. Charitable non-profit organizations provide many diverse services to the public, ranging from housing the homeless to conducting medical research. Often, these services would not otherwise be available. Charities also affect the lives of all of us, either directly or indirectly. For example, we all indirectly benefit from the many research foundations whose collective goal is to advance medical technology or improve the quality of life. In addition, virtually everyone, at some time in their lives, has directly benefitted from the services provided by hospitals, another type of charitable institution.

Charitable giving, especially by individuals, is often the only support charitable organizations receive. According to the American Association of Fundraising Counsel Trust for Philanthropy, Americans gave \$124.31 billion dollars to charitable organizations in 1992. Of that amount, \$101.83 billion, or 81.9%, came from individuals; in addition, \$8.33 billion or 6.7% came from foundations, \$6 billion or 4.8% from corporations, and \$8.15 or 6.6% from bequests.

In tough economic times, when government cannot meet the needs of all who require its assistance, charitable organizations depend heavily on individual donors. Many people understand these needs of charities. They believe, correctly, that making a donation is one way to provide assistance to those less fortunate or to promote the advancement of an important cause. In addition, charitable giving allows us to establish a sense of community--the feeling that we, as individuals, have contributed to the betterment of society as a whole.

Charities use fundraising not only as a means of raising funds, but also to gain name recognition, to educate the public about their causes and the services they provide, and to increase their membership and volunteer base. While some charities use volunteers or paid staff members to conduct their solicitations, other charities find the use of professional solicitors--independent entities which conduct the actual fundraising campaign for a fee or percentage of the money raised--a more effective way to raise funds while getting their messages out to the public. In addition, charities, especially smaller charities, may not have their own staff or volunteer resources for raising funds. Employing the use of a professional solicitor, and paying the solicitor out of the funds that are donated in response to the solicitor's work, is viewed by some charities as the only realistic way of disseminating information about their causes and raising funds necessary to carry out their purposes. The use of

professional solicitors, however, remains the exception rather than the rule.

Professional solicitors are generally for-profit organizations which specialize in raising funds. They make money by either charging a flat fee or by keeping a percentage of the donations. The use of a professional solicitor does not necessarily indicate that too much money is being spent on fundraising, as many larger charities hire permanent employees to conduct their fundraising. Thus, charities who do not hire professional solicitors may have costs similar to those that do. More information concerning the cost of using a professional solicitor is contained in Section E.

People often ask the Division of Public Charities why there is no law which limits the amount kept by the fundraiser. Although there used to be such a law, the Commonwealth can no longer set limits on the amount of contributions retained by fundraisers because, in 1988, the United States Supreme Court ruled, in Riley v. National Federation of Blind, that states cannot prescribe the percentage of funds a charity spends on its fundraising. The Supreme Court reasoned that fundraising often involves education, awareness programs, and similar activities, making it difficult to separate the educational costs from the fundraising costs. Thus, the Supreme Court held that imposing a limit on the costs of fundraising would infringe upon the ability of charities to engage in free speech.

Massachusetts does have a law, however, which requires that professional solicitors disclose their professional fundraising status and which prohibits deception in charitable fundraising. This law is known as the Charitable Solicitation Act (chapter 68 of the General Laws), and it regulates other aspects of charitable fundraising as well. As a practical matter, however, the burden is still often placed on donors to inquire of professional fundraisers what percentage of their donations will go to the charity.

The Division of Public Charities regularly receives complaints from members of the public who have been contacted by professional solicitors. If the Division of Public Charities determines that the Charitable Solicitation Act has been violated, it brings suit against the professional solicitor and the organization who retained it.

B. Fundraising Methods

There are a number of different fundraising methods used by both professional solicitors and charitable organizations. The most common methods are telemarketing, direct mail, entertainment events, door-to-door solicitation, raffles, Las Vegas nights, sweepstakes, and collection canisters (or "honor

boxes"). The following paragraphs briefly describe how each fundraising method works.

Telemarketing involves telephoning members of the organization or the general public--"cold calling"--to request a charitable contribution. Sometimes telemarketers offer a product in exchange for a donation as an incentive to give. This often reduces the amount of the donation which the charity will receive. Telemarketers may be volunteers, or they may be employees of the charity or professional solicitor. Individuals who agree to make donations are generally asked to mail in a donation, although some charities and fundraisers send couriers to pick up the donations. As with any type of fundraising, donors should ask questions about the organization and the fundraising campaign. A list of questions to help in making an informed decision is provided in the next section.

Direct mailing is another popular method of raising funds. Again, mailings may be prepared by the charity itself or by a professional consultant hired by the charity. Donors are generally asked to mail their donations to the charity. In this situation, the donor has fewer opportunities to ask questions, but may have more information in the written materials. Donors who would like to find out more about the charity before they make a contribution should not hesitate to contact the charity and ask questions.

Many charities sponsor entertainment events, such as circuses or ice shows, as a method of raising funds. Often charities sell tickets to the shows, but they may also use the events to ask for regular donations, separate from the ticket sales. Obviously, in either case, a portion of the ticket price or donation will be used to pay for the production of the event. Before purchasing a ticket or making a contribution, the donor should find out what percentage is used to produce the event and what percentage will be retained by the charity. Generally, the charity only receives a small percentage of the money raised in the event fundraising context.

Other methods of raising funds include door-to-door solicitations, raffles, and Las Vegas nights. Many cities and towns require door-to-door solicitors to be registered with the local police, and donors should check with their police department to make sure that charities and their solicitors have registered where required. Organizations which hold raffles or Las Vegas nights must first have a permit from the city or town in which the event is to be held.

Canisters, honor boxes and vending machines are most frequently seen in local variety stores, restaurants, or grocery stores. Canisters usually bear a label which names the beneficiary and asks you to give to their cause. Honor boxes

and vending machines, while similar to canisters, also offer a small candy item, such as a gum ball or lollipop, in exchange for a donation. Many people erroneously assume that the canisters, boxes and vending machines are placed by the charities themselves, and that the money received belongs to the charities. On the contrary, these containers are generally manufactured by a for-profit enterprise unconnected with a charity, and sold to individuals who place and maintain them. Most of the money is kept by the person who owns the container, with the charity receiving only a small monthly amount, typically between fifty cents and two dollars per container. While the amount of money a person may place in a canister or honor box may be small, the total amount of money raised is significant. For example, one well known national charity has received at least 2 million dollars from such an arrangement.

C. Informed Giving

If you want to make sure your charitable contribution is used for the purposes you intended, be informed and find out as much as possible about the solicitor and the charitable organization. The following list of questions is designed to help you make a more informed decision.

1. Who is the solicitor? Where the solicitation is made by an individual, ask for the person's name and his or her relationship to the charity. Specifically, ask if the caller is a professional fundraiser. If a professional fundraiser is involved, ask for the name of the fundraising organization.
2. Who is the charitable organization which is benefitting from your donation? Write down the address and telephone number of the charity, and, if you have any doubts about the legitimacy of the charity, call the charity directly. Also, be aware that some smaller charities use names very similar to the larger, more well known charities. Know to whom you are giving!
3. How will the donations be used? Inquire about the types of services provided by the charity, and the geographic area in which the charity operates. Many charities solicit nationwide, but do not necessarily provide services in your local area.
4. How much of the contribution is actually used for charitable purposes? If a professional solicitor is conducting the fundraising campaign, ask what percentage of your donation will be kept by the solicitor, and what percentage the charity will receive. Note, however, that under the terms of some solicitation contracts, the solicitor turns over 100% of the money raised and the charity then pays the solicitor his fee, plus an array of expenses associated with the fundraising campaign. Thus, the telephone solicitor can technically reply that 100% of the funds raised goes to the charity without

revealing the percentage remaining for charitable purposes after the fundraising expenses have been paid. Therefore, you should ask how much the charity will receive after all expenses have been deducted. Even if the charity does not use a professional solicitor, ask how the charity uses the funds it receives--what amount goes to services, administrative costs, and fundraising.

5. Does the caller have any written information about the charity? Written material is always helpful. Annual reports will show the donor how the organization allocates its money: how much for fundraising, how much for administration, and for program services. Brochures are not as helpful, but will at least give the donor a good idea of what types of services the organization provides.

6. Are the charity and the professional fundraiser, if there is one, registered with the Commonwealth? Call the Attorney General's Office, Division of Public Charities, to make sure that the charity and the professional fundraiser are registered and that their financial records are up to date.

Do not be afraid to ask the caller and the charity a lot of questions. Legitimate charities will welcome your questions and do their best to provide accurate answers. If you think you want to make a donation, keep the following points in mind.

1. Always make a donation by check. Do not give your credit card number unless you are very sure of the charity and the caller. Make the check directly payable to the charity, not to an individual or the fundraising organization. That way you will be sure the charity is the recipient of the donation. Also, keep accurate records of your charitable donations so that you will have an easier time determining the amount you gave if the charity asks you for a donation again next year.

2. Never allow yourself to feel pressured to make a donation. If you want some time to look into the charity before making the donation, do not allow the solicitor to pressure you to make a donation before you are ready.

3. If a solicitor leaves you with an uneasy feeling, do not hesitate to call the charity to verify what you were told, and call the Attorney General's office or the Better Business Bureau.

Donors should take special care when solicited by a police or firefighter organization. Individuals and small businesses are frequently solicited for funds to support police and firefighter organizations. In exchange for a contribution, the donor may receive tickets to a show or an advertisement in a publication. Donors should realize that it is generally not

the police or fire department who will benefit from the donation, but rather the police or firefighter organization, such as a union or other fraternal membership group. These groups sometimes use professional fundraisers, and donors should find out whether they are speaking with a member of the organization or its paid fundraiser. Also, the funds collected may be used for a variety of purposes. Some groups are very active in their communities, and use the funds for anti-drug programs or scholarships. Others use the funds for union purposes only, such as legal expenses incurred in union bargaining. Therefore, donors should make sure that they understand how their contribution will be used. Above all, donors should not feel threatened or intimidated by the solicitation, or pressured to make a donation.

D. Sources of Information

There are a variety of places to get additional information about charities and professional fundraisers. The Office of the Attorney General has more than 31,000 charities registered with its Division of Public Charities. While registration does not imply that any particular charity has the endorsement of the Attorney General or the Commonwealth of Massachusetts, it does indicate that the charity files annual financial reports with the Division.

These financial reports contain information on income and expenses, including program and fundraising expenses, and also list the types of solicitation a charity and its professional fundraiser, if any, use. The reports are available for public inspection during regular business hours at the Attorney General's Division of Public Charities, located at Room 1413, One Ashburton Place, Boston, Massachusetts, 02108. You can call the Division at (617) 727-2200 to find out if a charity is registered before coming in to look at the file. Registration information is also available at the Attorney General's Western Massachusetts office in Springfield (413-784-1240).

If you would like to receive information about a charity, but are unable to come to Boston in person to look at the organization's file, you can submit a written request for information from the file of a specific charity. Specify the information you would like in a letter to the Division of Public Charities. The cost is twenty cents per page, and the copies will be sent to you with a bill.

If you want more information about a local charity, consider calling your local Better Business Bureau as well as the Attorney General's office. In addition, your local police may have information on charities or fundraisers required to register with the police department before soliciting, or your police department may have received information or complaints about the solicitation from other individuals in your area.

If you want more information about a national charity, contact The Council of Better Business Bureaus' Philanthropic Advisory Service at 4200 Wilson Boulevard, Arlington, Virginia, 22203-1804 (703-276-0100) or The National Charities Information Bureau at 19 Union Square West, 6th Floor, New York, New York, 10003 (212-929-6300).

Like charities, professional fundraisers are also required to register with the Attorney General's Office. There are three types of professional fundraisers defined by law: fundraising counsel, professional solicitors, and commercial co-venturers.

- * Fundraising counsel advise charities on how to raise funds, but do not conduct any of the actual fundraising.
- * Professional solicitors devise a fundraising campaign, and then conduct the actual solicitation.
- * Commercial co-venturers are for-profit businesses who join with the charity in sponsoring an event or in promoting the sale of a product, with the proceeds from the event or sale divided between the charity and the businesses.

All professional fundraisers who have contracts with charities which solicit in Massachusetts are required to register with the Attorney General's office and must submit copies of their contracts as part of registration. Professional solicitors and commercial co-venturers are required to file, in addition, a \$10,000 bond, an addendum to registration describing their relationship with the charity, and a year-end financial accounting of the proceeds actually raised through the solicitation.

As with charities, all of the registration materials which professional fundraisers file with the Division of Public Charities are public record and are available for public inspection. To obtain information about fundraisers from the Office of the Attorney General, use the same procedures as for charities.

Conclusion

Individuals must use their own judgment and make their own decisions about charitable giving. Only the donor knows what factors are important to him or her. Donors should always make sure they know, however, how their donations are used and how much of their donations is used for charitable purposes. This

kind of informed giving is particularly important during lean economic times when many donors are finding that they have fewer charitable dollars to give. Donors who are informed get more beneficial impact out of their charitable dollars.

E. Survey of Solicitation Campaigns

The Division of Public Charities has surveyed the financial reports of 158 fundraising campaigns conducted in 1992 in Massachusetts to determine what percentage of the funds raised by professional solicitors is actually available for charitable purposes after the expenses of the solicitation.

Many people may be surprised to learn the percentage of their donation which is kept by the professional fundraiser. The records of the Division of Public Charities include financial reports where up to 100% of the gross income from a solicitation went to the professional solicitor with nothing left for the charity. While the charity is very aware of the percentage being charged by the professional fundraiser because it signed a contract, donors may not be so well informed and may believe that a high percentage of their donations are going to the charitable purpose which led them to donate. If a high percentage of their contributions go to the fundraiser, the donors' expectations are, unfortunately, left unfulfilled.

Why would a charitable organization use a professional solicitor? Some do so because this arrangement involves little or no work for the charity. Also, professional fundraisers often provide more than fundraising services to the charity. The solicitation may also be used as a means of educating the public about the charitable cause and of gaining name recognition for the charity. Less well known charities do not have the extensive previous donor lists that larger charities have. Since people are more likely to give to a group they know well, less well known charities have to contact more people in order to gross the same amount that a larger charity could accomplish with fewer costs.

Finally, raising money costs money. The percentage of money raised which is kept by the solicitor often covers most expenses associated with the campaign--phone bills, printing, mailing, salaries, office rental, and so on. For organizations who have little capital, this feature can be attractive even if it means that they will get only a small share of the total money raised. If the solicitation involves the sale of a product, or the production of an event or advertising book, the cost of the product, event ticket, or advertising book is included in the percentage going to the professional solicitor. And, of course, the donor individually receives the item in addition to the charitable effect of his contribution.

The information in the following survey is organized into tables, each table consisting of five columns. In Table I, the financial reports of the 158 charitable campaigns are divided into two categories. Table IA contains those campaigns which solicited donations only. Table IB is comprised of campaigns which involved the purchase of an event ticket, product, advertising, or other "premium."

In Table IA and IB, the first column lists the charities alphabetically, and the second lists the solicitor retained by the charity to raise funds on its behalf. The third column states the total amount of money raised during the solicitation campaign. Column four sets forth the amount the charity received of the total amount raised, after all fundraising expenses incurred by the charity and costs of items, if any, received by the donor have been subtracted, and column five presents that amount as a percentage of the total amount raised.

In Table II, the same information is presented for the 158 campaigns, but organized by solicitor.

IA. Solicitations Involving Donations Alone, Listed by Charity

| <u>Charity</u> | <u>Solicitor</u> | <u>Total Revenue</u> | <u>\$ to Charity</u> | <u>% to Charity</u> |
|--|----------------------------|----------------------|----------------------|---------------------|
| American Film Institute* | New Boston Group | \$864,479 | \$374,438 | 43% |
| American Heart Disease Prevention Foundation | Telesystems Marketing | \$34,790 | \$10,437 | 30% |
| American Institute for Cancer Research | Telesystems Marketing | \$1,773 | \$532 | 30% |
| Boston Ballet | Dunn, Stephen & Associates | \$196,021 | \$138,268 | 71% |
| Boston Museum of Science* | New Boston Group | \$20,505 | (\$13,604) | 0% |
| Boston Symphony Orchestra | Dunn, Stephen & Associates | \$261,344 | \$181,581 | 69% |
| Center for Marine Conservation* | Outreach Affiliates | \$32,412 | \$10,992 | 34% |
| Challenger Center, The* | Outreach Affiliates | \$79,470 | \$30,894 | 39% |
| Children's Wish Foundation | Telesystems Marketing | \$165,162 | \$29,732 | 18% |
| Christian Appalachian Project | Reese Brothers, Inc. | \$998 | \$728 | 73% |
| Christian Appalachian Project | Telesystems Marketing | \$334 | \$50 | 15% |
| Christian Appalachian Project* | ARIA Communications Corp. | \$12,150 | \$5,387 | 44% |
| Conservation International* | New Boston Group | \$99,364 | \$29,844 | 30% |
| Defenders of Wildlife* | Outreach Affiliates | \$373,347 | \$188,761 | 51% |

* National campaign

| <u>Charity</u> | <u>Solicitor</u> | <u>Total Revenue</u> | <u>\$ to Charity</u> | <u>% to Charity</u> |
|--|---------------------------------------|----------------------|----------------------|---------------------|
| Environmental Defense Fund* | Outreach Affiliates | \$297,941 | \$176,815 | 59% |
| Greenpeace | Dunn, Stephen & Associates | \$2,130,845 | \$614,214 | 29% |
| Guiding Eyes for the Blind | Telesystems Marketing | \$1,168 | \$584 | 50% |
| Just Say No International | Reese Brothers, Inc. | \$215,579 | \$40,294 | 19% |
| Massachusetts Homeless Foundation | National Telemkting Association, Inc. | \$73,663 | \$7,366 | 10% |
| Mothers Against Drunk Driving | Reese Brothers, Inc. | \$1,515,455 | \$620,815 | 41% |
| Mothers Against Drunk Driving | Telesystems Marketing | \$42,385 | \$21,192 | 50% |
| Museum of Fine Arts* | New Boston Group | \$155,663 | \$77,539 | 50% |
| National Audubon Society* | New Boston Group | \$144,409 | (\$56,979) | 0% |
| National Audubon Society* | Outreach Affiliates | \$753,000 | \$536,113 | 71% |
| National Children's Cancer Society* | Telesystems Marketing | \$536,293 | \$195,747 | 37% |
| National Children's Cancer Society* | Facter, Fox & Associates | \$10,178 | (\$5,450) | 0% |
| National Children's Cancer Society* | Infocision Management Corporation | \$20,175 | \$1,053 | 5% |
| National Foundation for Medical Research | Reese Brothers, Inc. | \$85,505 | \$13,424 | 16% |

* National campaign

| <u>Charity</u> | <u>Solicitor</u> | <u>Total Revenue</u> | <u>\$ to Charity</u> | <u>% to Charity</u> |
|---|-----------------------------------|----------------------|----------------------|---------------------|
| National Museum of Women in the Arts* | Outreach Affiliates | \$139,529 | \$55,052 | 39% |
| National Right to Life* | Infocision Management Corporation | \$2,805,124 | \$1,969,456 | 70% |
| National Trust for Historical Preservation* | New Boston Group | \$1,618,994 | \$1,016,766 | 63% |
| Natural Resources Defense Council* | Frontline Campaigns | \$196,045 | \$82,769 | 42% |
| Nature Conservancy, The* | Outreach Affiliates | \$224,666 | \$154,624 | 69% |
| Neighbor to Neighbor* | Frontline Campaigns | \$325,031 | \$94,388 | 29% |
| NOW Legal Defense and Education Fund* | Outreach Affiliates | \$98,223 | \$47,810 | 49% |
| Physicians for Social Responsibility* | Smith Company | \$247,005 | \$145,543 | 59% |
| Physicians for Social Responsibility* | New Boston Group | \$55,899 | \$44,117 | 79% |
| Physicians for Social Responsibility* | Frontline Campaigns | \$53,623 | (\$25,574) | 0% |
| Public Citizen* | Outreach Affiliates | \$303,034 | \$132,029 | 44% |
| Rails to Trails Conservancy* | Outreach Affiliates | \$91,416 | \$37,022 | 40% |
| Sane/Freeze* | Frontline Campaigns | \$102,832 | \$4,983 | 5% |
| Sarah Lawrence College* | New Boston Group | \$13,868 | (\$21,082) | 0% |

* National campaign

| <u>Charity</u> | <u>Solicitor</u> | <u>Total Revenue</u> | <u>\$ to Charity</u> | <u>% to Charity</u> |
|---|-----------------------------------|----------------------|----------------------|---------------------|
| Sierra Club* | Outreach Affiliates | \$116,674 | \$35,816 | 31% |
| Sierra Club* | New Boston Group | \$3,334,078 | \$1,392,078 | 42% |
| Skyhook II* | Infocision Management Corporation | \$29,076 | \$4,700 | 16% |
| Special Olympics International* | Meyer Associates, Inc. | \$108,866 | \$83,667 | 77% |
| Suffolk County Correction Officers Loc. 419 | JVK Enterprises | \$196,787 | \$43,491 | 22% |
| Unitarian Universalist Association* | Progressive Group | \$271,938 | \$195,788 | 72% |
| US Committee for UNICEF* | New Boston Group | \$149,953 | \$125,727 | 84% |
| USMC Reserve Toys for Tots | Reese Brothers, Inc. | \$1,118 | \$0 | 0% |
| Vietnam Veterans Memorial Fund | Reese Brothers, Inc. | \$3,615 | \$1,009 | 28% |
| Wilderness Society, The* | Smith Company | \$275,294 | \$46,211 | 17% |
| Wilderness Society, The* | Outreach Affiliates | \$1,943,357 | \$980,061 | 50% |

* National campaign

IB. Solicitations Involving Purchase of Product, Event Ticket, Advertising or Other "Premium," Listed by Charity

| <u>Charity</u> | <u>Solicitor</u> | <u>Total Revenue</u> | <u>\$ to Charity</u> | <u>% to Charity</u> |
|--|---|----------------------|----------------------|---------------------|
| Acushnet Police Association | Telco | \$31,988 | \$9,596 | 30% |
| AIDS and Cancer Research Fdn. | Lifeline Products Consultants, Inc. | \$19,484 | \$4,384 | 23% |
| American Association of the Deaf-Blind | Heritage Publishing | \$1,840 | \$121 | 7% |
| American Disabled Fdn, Inc. | Action Programs, Inc. | \$84,751 | \$19,492 | 23% |
| American Legion District 9 | Twentieth Century Promotions | \$6,922 | \$1,384 | 20% |
| American Legion Post #257 | Childs, Walter L. | \$8,040 | \$2,412 | 30% |
| American Post #122 | Box Office, Inc. | \$13,315 | \$2,000 | 15% |
| American Red Cross | M.A.K. Publishing, Inc. | \$17,146 | \$8,335 | 49% |
| American Veterans Assistance Corporation | Northeast Charitable Services | \$6,820 | \$1,358 | 20% |
| AM-VETS | Hill, Allan C. Production, Inc. | \$53,099 | \$7,565 | 14% |
| AMVets of WW II, Korea & Vietnam* | American Trade & Convention Publication, Inc. | \$1,391,463 | \$100,000 | 7% |
| Andover Police Relief Association | Genesis Services | \$80,211 | \$24,619 | 31% |
| Arlington Pop Warner Football | Dialamerica Marketing, Inc. | \$13,880 | \$1,735 | 13% |
| Assabet Branch YMCA | Hill, Allan C. Production, Inc. | \$19,924 | \$3,374 | 17% |

* National campaign

| <u>Charity</u> | <u>Solicitor</u> | <u>Total Revenue</u> | <u>\$ to Charity</u> | <u>% to Charity</u> |
|--|------------------------------------|----------------------|----------------------|---------------------|
| Association for Retarded Citizens of the U.S.* | Heritage Publishing | \$382,185 | \$110,610 | 29% |
| Ayer Police Department | Eastern Advertising | \$23,726 | \$8,541 | 36% |
| Barnstable County Deputy Sheriffs Association | East-West Concert Production, Inc. | \$204,199 | \$72,709 | 36% |
| Big Brothers/Big Sisters Hampden County | Dialamerica Marketing, Inc. | \$12,408 | \$1,551 | 13% |
| Big Brothers/Big Sisters South Middlesex | Dialamerica Marketing, Inc. | \$28,012 | \$3,502 | 13% |
| BillERICA Police Union | Telco | \$37,863 | \$9,466 | 25% |
| Blackstone Valley Vietnam Veterans | Hill, Allan C. Production, Inc. | \$22,615 | \$3,493 | 15% |
| Boston Police Relief Association | Eastern Advertising | \$377,039 | \$150,816 | 40% |
| Braintree Babe Ruth League | Dialamerica Marketing, Inc. | \$8,632 | \$1,079 | 13% |
| Brockton Fire Relief Association | Telco | \$58,402 | \$14,601 | 25% |
| Central Branch YMCA | Hill, Allan C. Production, Inc. | \$13,785 | \$2,757 | 20% |
| Chelsea Police Relief Association | Eastern Advertising | \$35,358 | \$14,143 | 40% |
| Chicopee Police Patrolmen's Local 401 | McKnight, R.H. Co. | \$35,970 | \$19,964 | 56% |
| Child Protection Program Foundation | Hill, Allan C. Production, Inc. | \$61,729 | \$9,259 | 15% |

| <u>Charity</u> | <u>Solicitor</u> | <u>Total Revenue</u> | <u>\$ to Charity</u> | <u>% to Charity</u> |
|------------------------------------|------------------------------------|----------------------|----------------------|---------------------|
| Children's Charity Fund | ACV Advertising | \$16,000 | \$4,000 | 25% |
| Chosen Children Foundation | Assistance Programs, Inc. | \$230,556 | \$23,056 | 10% |
| Dighton Police Association | Telco | \$19,732 | \$7,498 | 38% |
| Edgartown Firemen's Association | East-West Concert Production, Inc. | \$43,928 | \$8,786 | 20% |
| Fall River Firefighters Memorial | Twentieth Century Promotions | \$4,836 | \$750 | 16% |
| Fall River PAL | Twentieth Century Promotions | \$20,645 | \$2,130 | 10% |
| Falmouth Police Federation | McKnight, R.H. Co. | \$12,272 | \$8,590 | 70% |
| Firemens Association of Middleboro | Childs, Walter L. | \$4,305 | \$1,076 | 25% |
| Framingham Jaycees | Box Office, Inc. | \$12,145 | \$2,000 | 16% |
| Framingham Pop Warner, Inc. | Dialamerica Marketing, Inc. | \$8,392 | \$1,049 | 13% |
| Friends of Plymouth Public Library | Hill, Allan C. Production, Inc. | \$28,339 | \$4,003 | 14% |
| Gloucester Police Relief Assoc. | Brent Wyatt East, Inc. | \$38,445 | \$11,534 | 30% |
| Greater Lawrence Vo-Tech Class '93 | Genesis Services | \$22,155 | \$5,349 | 24% |
| Greenfield Lions Club | Family Shopper Gift Book | \$32,546 | \$2,750 | 8% |

| <u>Charity</u> | <u>Solicitor</u> | <u>Total Revenue</u> | <u>\$ to Charity</u> | <u>% to Charity</u> |
|--|------------------------------------|----------------------|----------------------|---------------------|
| Hadley Police Association | East-West Concert Production, Inc. | \$35,368 | \$8,842 | 25% |
| Hanson Fire Association | Telco | \$47,461 | \$14,238 | 30% |
| Haverhill Lions Club | Box Office, Inc. | \$15,858 | \$2,000 | 13% |
| Holliston Fire Department | Telco | \$27,960 | \$6,151 | 22% |
| International Association of Firefighters #866 | Neister, John | \$42,140 | \$17,493 | 42% |
| Knights of Columbus, Revere | Box Office, Inc. | \$13,424 | \$2,000 | 15% |
| Lawrence Police Ptrlmens Association | Eastern Advertising | \$30,105 | \$7,032 | 23% |
| Leukemia Society of America* | Dialamerica Marketing, Inc. | \$125,440 | \$15,680 | 13% |
| Lorraine Post V.F.W. | Box Office, Inc. | \$19,360 | \$2,000 | 10% |
| Malden Police Relief Association | Eastern Advertising | \$75,215 | \$29,382 | 39% |
| Maplewood Babe Ruth Baseball League | Twentieth Century Promotions | \$1,640 | \$328 | 20% |
| Masonic Lodge Association, North Adams | Hill, Allan C. Production, Inc. | \$41,957 | \$4,839 | 12% |
| Massachusetts Citizens for Life | Life-Tel, Inc. | \$40,373 | \$24,669 | 61% |
| Massachusetts Disabled Children, Inc. | Assistance Programs, Inc. | \$37,461 | \$3,746 | 10% |

* National campaign

| <u>Charity</u> | <u>Solicitor</u> | <u>Total Revenue</u> | <u>\$ to Charity</u> | <u>% to Charity</u> |
|---|-------------------------------------|----------------------|----------------------|---------------------|
| Massachusetts Jaycees | Box Office, Inc. | \$25,619 | \$2,055 | 8% |
| Massachusetts Jaycees International Senate | Box Office, Inc. | \$28,975 | \$2,000 | 7% |
| Massachusetts Special Olympics | Dialamerica Marketing, Inc. | \$3,453,096 | \$431,637 | 13% |
| Melrose Police Relief Association | East-West Concert Production, Inc. | \$81,544 | \$20,386 | 25% |
| Melrose Pop Warner Football | Dialamerica Marketing, Inc. | \$10,840 | \$1,355 | 13% |
| Methuen Police Patrolmen's Union | Genesis Services | \$38,473 | \$16,179 | 42% |
| Methuen Police Relief Association | Eastern Advertising | \$50,251 | \$18,090 | 36% |
| Millbury Police Association | McKnight, R.H. Co. | \$17,795 | \$7,118 | 40% |
| Montachusett Vets Counseling Services, Inc. | Lifeline Products Consultants, Inc. | \$157,034 | \$39,257 | 25% |
| Mother Connection | Hill, Allan C. Production, Inc. | \$22,485 | \$3,425 | 15% |
| Multiple Sclerosis of America | Heritage Publishing | \$3,183 | \$0 | 0% |
| Nantucket Police Charitable Association | McKnight, R.H. Co. | \$21,890 | \$6,129 | 28% |
| National Chiefs of Police* | ACV Advertising | \$138,630 | \$32,137 | 23% |
| National Federation of Blind, Massachusetts | Childs, Walter L. | \$57,844 | \$34,551 | 60% |

* National campaign

| <u>Charity</u> | <u>Solicitor</u> | <u>Total Revenue</u> | <u>\$ to Charity</u> | <u>% to Charity</u> |
|--|---------------------------------------|----------------------|----------------------|---------------------|
| New Bedford Police Association | Eastern Advertising | \$62,255 | \$18,180 | 29% |
| New England Association of Chiefs of Police | Annual Publication, Inc. | \$217,194 | \$95,000 | 44% |
| New England Association of Firefighters, Inc. | East-West Concert Production, Inc. | \$81,516 | \$24,455 | 30% |
| Newton Police Memorial Association | Eastern Advertising | \$220,442 | \$88,177 | 40% |
| North Shore Veterans Counseling Services, Inc. | Lifeline Products Consultants, Inc. | \$249,650 | \$62,413 | 25% |
| Northampton Center for Children & Family | Hill, Allan C. Production, Inc. | \$25,990 | \$2,631 | 10% |
| N. Andover Police Relief Association | Eastern Advertising | \$34,618 | \$12,462 | 36% |
| Paralyzed Veterans of America, New England* | Benefit Programs of New England, Inc. | \$2,348,346 | \$239,517 | 10% |
| Reading Police Patrolmen's Association | McKnight, R.H. Co. | \$57,548 | \$23,019 | 40% |
| Reading Pop Warner Football | Dialamerica Marketing, Inc. | \$4,424 | \$533 | 12% |
| Rockport Police Association | Brent Wyatt East, Inc. | \$32,982 | \$13,193 | 40% |
| Saugus Police IBPO | McKnight, R.H. Co. | \$38,160 | \$11,564 | 30% |
| Sharon Police Association | McKnight, R.H. Co. | \$4,335 | \$3,576 | 82% |
| Shawsheen Tech Class of '93 | Genesis Services | \$41,263 | \$8,459 | 21% |

* National campaign

| <u>Charity</u> | <u>Solicitor</u> | <u>Total Revenue</u> | <u>\$ to Charity</u> | <u>% to Charity</u> |
|---------------------------------------|---|----------------------|----------------------|---------------------|
| Somerset Police IBPO Local 518 | Brent Wyatt East, Inc. | \$16,941 | \$4,235 | 25% |
| Somerville Pop Warner Football | Dialamerica Marketing, Inc. | \$12,376 | \$1,547 | 13% |
| South Shore Vo-Tech Class of '93 | Genesis Services | \$21,930 | \$5,207 | 24% |
| Swansea Police Association | Telco | \$45,198 | \$13,559 | 30% |
| Tisbury Police Relief Association | Childs, Walter L. | \$20,075 | \$6,023 | 30% |
| US Organization for Disabled Athletes | Hill, Allan C. Production, Inc. | \$54,976 | \$6,597 | 12% |
| US Police Canine Association | Telco | \$9,350 | \$2,805 | 30% |
| Veterans Outreach Center Metrowest | Lifeline Products Consultants, Inc. | \$315,481 | \$78,870 | 25% |
| Veterans Wish Foundation | Heritage Publishing | \$217 | \$0 | 0% |
| Vietnam Veterans of America* | American Trade & Convention Publication, Inc. | \$2,002,315 | \$300,347 | 15% |
| Vietnow National* | JVK Enterprises | \$100,790 | \$10,079 | 10% |
| Wakefield YMCA | Hill, Allan C. Production, Inc. | \$17,120 | \$3,424 | 20% |
| Wakefield-Lynnfield Kiwanis Club | Hill, Allan C. Production, Inc. | \$31,934 | \$3,780 | 12% |
| Walpole Police Union | McKnight, R.H. Co. | \$26,114 | \$10,446 | 40% |

* National campaign

| <u>Charity</u> | <u>Solicitor</u> | <u>Total Revenue</u> | <u>\$ to Charity</u> | <u>% to Charity</u> |
|------------------------------|---------------------------------|----------------------|----------------------|---------------------|
| Waltham Devil Dogs | Dialamerica Marketing, Inc. | \$7,632 | \$954 | 13% |
| Watertown Police Association | Eastern Advertising | \$114,363 | \$41,352 | 36% |
| Weymouth Babe Ruth League | Dialamerica Marketing, Inc. | \$14,512 | \$1,814 | 13% |
| Weymouth Police Associaton | Eastern Advertising | \$75,621 | \$30,248 | 40% |
| Whitman Youth Center | Hill, Allan C. Production, Inc. | \$10,805 | \$2,161 | 20% |
| Woburn Babe Ruth League | Dialamerica Marketing, Inc. | \$14,168 | \$1,771 | 13% |
| Worcester Firefighters | Brent Wyatt East, Inc. | \$51,175 | \$15,353 | 30% |

II. Fundraising Campaigns Listed by Solicitor

| <u>Solicitor</u> | <u>Charity</u> | <u>Total Revenue</u> | <u>\$ to Charity</u> | <u>% to Charity</u> |
|---|---|----------------------|----------------------|---------------------|
| Action Programs, Inc. | American Disabled Fdn, Inc. | \$84,751 | \$19,492 | 23% |
| ACV Advertising | Children's Charity Fund | \$16,000 | \$4,000 | 25% |
| | National Chiefs of Police* | \$138,630 | \$32,137 | 23% |
| American Trade & Convention Publication, Inc. | AMVets of WW II, Korea & Vietnam* | \$1,391,463 | \$100,000 | 7% |
| | Vietnam Veterans of America* | \$2,002,315 | \$300,347 | 15% |
| Annual Publication, Inc. | New England Association of Chiefs of Police | \$217,194 | \$95,000 | 44% |
| ARIA Communications Corp. | Christian Appalachian Project* | \$12,150 | \$5,387 | 44% |
| Assistance Programs, Inc. | Chosen Children Foundation | \$230,556 | \$23,056 | 10% |
| | Massachusetts Disabled Children, Inc. | \$37,461 | \$3,746 | 10% |
| Benefit Programs of New England, Inc. | Paralyzed Veterans of America, New England* | \$2,348,346 | \$239,517 | 10% |
| Box Office, Inc. | American Post #122 | \$13,315 | \$2,000 | 15% |
| | Framingham Jaycees | \$12,145 | \$2,000 | 16% |
| | Haverhill Lions Club | \$15,858 | \$2,000 | 13% |
| | Knights of Columbus, Revere | \$13,424 | \$2,000 | 15% |
| | Lorraine Post V.F.W. | \$19,360 | \$2,000 | 10% |

* National campaign

| <u>Solicitor</u> | <u>Charity</u> | <u>Total Revenue</u> | <u>\$ to Charity</u> | <u>% to Charity</u> |
|-----------------------------|---|----------------------|----------------------|---------------------|
| Brent Wyatt East, Inc. | Massachusetts Jaycees | \$25,619 | \$2,055 | 8% |
| | Massachusetts Jaycees International Senate | \$28,975 | \$2,000 | 7% |
| | Gloucester Police Relief Assoc. | \$38,445 | \$11,534 | 30% |
| | Rockport Police Association | \$32,982 | \$13,193 | 40% |
| | Somerset Police IBPO Local 518 | \$16,941 | \$4,235 | 25% |
| | Worcester Firefighters | \$51,175 | \$15,353 | 30% |
| | American Legion Post #257 | \$8,040 | \$2,412 | 30% |
| | Firemens Association of Middleboro | \$4,305 | \$1,076 | 25% |
| | National Federation of Blind, Massachusetts | \$57,844 | \$34,551 | 60% |
| | Tisbury Police Relief Association | \$20,075 | \$6,023 | 30% |
| Dialamerica Marketing, Inc. | Arlington Pop Warner Football | \$13,880 | \$1,735 | 13% |
| | Big Brothers/Big Sisters Hampden County | \$12,408 | \$1,551 | 13% |
| | Big Brothers/Big Sisters South Middlesex | \$28,012 | \$3,502 | 13% |
| | Braintree Babe Ruth League | \$8,632 | \$1,079 | 13% |
| | Framingham Pop Warner, Inc. | \$8,392 | \$1,049 | 13% |

| <u>Solicitor</u> | <u>Charity</u> | <u>Total Revenue</u> | <u>\$ to Charity</u> | <u>% to Charity</u> |
|----------------------------|--------------------------------------|----------------------|----------------------|---------------------|
| | Leukemia Society of America* | \$125,440 | \$15,680 | 13% |
| | Massachusetts Special Olympics | \$3,453,096 | \$431,637 | 13% |
| | Melrose Pop Warner Football | \$10,840 | \$1,355 | 13% |
| | Reading Pop Warner Football | \$4,424 | \$533 | 12% |
| | Somerville Pop Warner Football | \$12,376 | \$1,547 | 13% |
| | Waltham Devil Dogs | \$7,632 | \$954 | 13% |
| | Weymouth Babe Ruth League | \$14,512 | \$1,814 | 13% |
| | Woburn Babe Ruth League | \$14,168 | \$1,771 | 13% |
| Dunn, Stephen & Associates | Boston Ballet | \$196,021 | \$138,268 | 71% |
| | Boston Symphony Orchestra | \$261,344 | \$181,581 | 69% |
| | Greenpeace* | \$2,130,845 | \$614,214 | 29% |
| Eastern Advertising | Ayer Police Department | \$23,726 | \$8,541 | 36% |
| | Boston Police Relief Association | \$377,039 | \$150,816 | 40% |
| | Chelsea Police Relief Association | \$35,358 | \$14,143 | 40% |
| | Lawrence Police Ptrlmens Association | \$30,105 | \$7,032 | 23% |

| <u>Solicitor</u> | <u>Charity</u> | <u>Total Revenue</u> | <u>\$ to Charity</u> | <u>% to Charity</u> |
|------------------------------------|---|----------------------|----------------------|---------------------|
| | Malden Police Relief Association | \$75,215 | \$29,382 | 39% |
| | Methuen Police Relief Association | \$50,251 | \$18,090 | 36% |
| | New Bedford Police Association | \$62,255 | \$18,180 | 29% |
| | Newton Police Memorial Association | \$220,442 | \$88,177 | 40% |
| | N. Andover Police Relief Association | \$34,618 | \$12,462 | 36% |
| | Watertwon Police Association | \$114,363 | \$41,352 | 36% |
| | Weymouth Police Associaton | \$75,621 | \$30,248 | 40% |
| East-West Concert Production, Inc. | Barnstable County Deputy Sheriffs Association | \$204,199 | \$72,709 | 36% |
| | Edgartown Firemen's Association | \$43,928 | \$8,786 | 20% |
| | Hadley Police Association | \$35,368 | \$8,842 | 25% |
| | Melrose Police Relief Association | \$81,544 | \$20,386 | 25% |
| | New England Association of Firefighters, Inc. | \$81,516 | \$24,455 | 30% |
| Facter, Fox & Associates | National Children's Cancer Society* | \$10,178 | (\$5,450) | 0% |
| Family Shopper Gift Book | Greenfield Lions Club | \$32,546 | \$2,750 | 8% |
| Frontline Campaigns | Natural Resources Defense Council* | \$196,045 | \$82,769 | 42% |

*National campaign

| <u>Solicitor</u> | <u>Charity</u> | <u>Total Revenue</u> | <u>\$ to Charity</u> | <u>% to Charity</u> |
|---------------------------------|--|----------------------|----------------------|---------------------|
| | Neighbor to Neighbor* | \$325,031 | \$94,388 | 29% |
| | Physicians for Social Responsibility* | \$53,623 | (\$25,574) | 0% |
| | Sane/Freeze* | \$102,832 | \$4,983 | 5% |
| Genesis Services | Andover Police Relief Association | \$80,211 | \$24,619 | 31% |
| | Greater Lawrence Vo-Tech Class '93 | \$22,155 | \$5,349 | 24% |
| | Methuen Police Patrolmen's Union | \$38,473 | \$16,179 | 42% |
| | Shawsheen Tech Class of '93 | \$41,263 | \$8,375 | 20% |
| | South Shore Vo-Tech Class of '93 | \$21,930 | \$5,207 | 24% |
| Heritage Publishing | American Association of the Deaf-Blind | \$1,840 | \$121 | 7% |
| | Association for Retarded Citizens of the U.S.* | \$382,185 | \$110,610 | 29% |
| | Multiple Sclerosis of America | \$3,183 | \$0 | 0% |
| | Veterans Wish Foundation | \$217 | \$0 | 0% |
| Hill, Allan C. Production, Inc. | AM-VETS | \$53,099 | \$7,565 | 14% |
| | Assabet Branch YMCA | \$19,924 | \$3,374 | 17% |
| | Blackstone Valley Vietnam Veterans | \$22,615 | \$3,493 | 15% |

| <u>Solicitor</u> | <u>Charity</u> | <u>Total Revenue</u> | <u>\$ to Charity</u> | <u>% to Charity</u> |
|-----------------------------------|---|----------------------|----------------------|---------------------|
| | Central Branch YMCA | \$13,785 | \$2,757 | 20% |
| | Child Protection Program Foundation | \$61,729 | \$9,259 | 15% |
| | Friends of Plymouth Public Library | \$28,339 | \$4,003 | 14% |
| | Masonic Lodge Association, North Adams | \$41,957 | \$4,839 | 12% |
| | Mother Connection | \$22,485 | \$3,425 | 15% |
| | Northampton Center for Children & Family | \$25,990 | \$2,631 | 10% |
| | US Organization for Disabled Athletes | \$54,976 | \$6,597 | 12% |
| | Wakefield-Lynnfield Kiwanis Club | \$31,934 | \$3,780 | 12% |
| | Wakefield YMCA | \$17,120 | \$3,424 | 20% |
| | Whitman Youth Center | \$10,805 | \$2,161 | 20% |
| Infocision Management Corporation | National Children's Cancer Society* | \$20,175 | \$1,053 | 5% |
| | National Right to Life* | \$2,805,124 | \$1,969,456 | 70% |
| | Skyhook II* | \$29,076 | \$4,700 | 16% |
| JVK Enterprises | Suffolk County Correction Officers Loc. 419 | \$196,787 | \$43,491 | 22% |
| | Vietnow National* | \$100,790 | \$10,079 | 10% |

*National campaign

| <u>Solicitor</u> | <u>Charity</u> | <u>Total Revenue</u> | <u>\$ to Charity</u> | <u>% to Charity</u> |
|-------------------------------------|--|----------------------|----------------------|---------------------|
| Lifeline Products Consultants, Inc. | AIDS and Cancer Research Fdn. | \$19,484 | \$4,384 | 23% |
| | Montachusett Vets Counseling Services, Inc. | \$157,034 | \$39,257 | 25% |
| | North Shore Veterans Counseling Services, Inc. | \$249,650 | \$62,413 | 25% |
| | Veterans Outreach Center Metrowest | \$315,481 | \$78,870 | 25% |
| Life-Tel, Inc. | Massachusetts Citizens for Life | \$40,373 | \$24,669 | 61% |
| McKnight, R.H. Co. | Chicopee Police Patrolmen's Local 401 | \$35,970 | \$19,964 | 56% |
| | Falmouth Police Federation | \$12,272 | \$8,590 | 70% |
| | Millbury Police Association | \$17,795 | \$7,118 | 40% |
| | Nantucket Police Charitable Association | \$21,890 | \$6,129 | 28% |
| | Reading Police Patrolmen's Association | \$57,548 | \$23,019 | 40% |
| | Saugus Police IBPO | \$38,160 | \$11,564 | 30% |
| | Sharon Police Association | \$4,335 | \$3,576 | 82% |
| | Walpole Police Union | \$26,114 | \$10,446 | 40% |
| Meyer Associates, Inc. | Special Olympics International* | \$108,866 | \$83,667 | 77% |
| M.A.K. Publishing, Inc. | American Red Cross | \$17,146 | \$8,335 | 49% |

* National campaign

| <u>Solicitor</u> | <u>Charity</u> | <u>Total Revenue</u> | <u>\$ to Charity</u> | <u>% to Charity</u> |
|---------------------------------------|--|----------------------|----------------------|---------------------|
| National Telemkting Association, Inc. | Massachusetts Homeless Foundation | \$73,663 | \$7,366 | 10% |
| Neister, John | International Association of Firefighters #866 | \$42,140 | \$17,493 | 42% |
| New Boston Group | American Film Institute* | \$864,479 | \$374,438 | 43% |
| | Boston Museum of Science* | \$20,505 | (\$13,604) | 0% |
| | Conservation International* | \$99,364 | \$29,844 | 30% |
| | Museum of Fine Arts* | \$155,663 | \$77,539 | 50% |
| | National Audubon Society* | \$144,409 | (\$56,979) | 0% |
| | National Trust for Historical Preservation* | \$1,618,994 | \$1,016,766 | 63% |
| | Physicians for Social Responsibility* | \$55,899 | \$44,117 | 79% |
| | Sarah Lawrence College* | \$13,868 | (\$21,082) | 0% |
| | Sierra Club* | \$3,334,078 | \$1,392,078 | 42% |
| | US Committee for UNICEF* | \$149,953 | \$125,727 | 84% |
| Northeast Charitable Services | American Veterans Assistance Corporation | \$6,820 | \$1,358 | 20% |
| Outreach Affiliates | Center for Marine Conservation* | \$32,412 | \$10,992 | 34% |
| | Challenger Center, The | \$79,470 | \$30,894 | 39% |

* National campaign

| <u>Solicitor</u> | <u>Charity</u> | <u>Total Revenue</u> | <u>\$ to Charity</u> | <u>% to Charity</u> |
|----------------------|--|----------------------|----------------------|---------------------|
| | Defenders of Wildlife* | \$373,347 | \$188,761 | 51% |
| | Environmental Defense Fund* | \$297,941 | \$176,815 | 59% |
| | National Audobon Society* | \$753,000 | \$536,113 | 71% |
| | National Museum of Women in the Arts | \$139,529 | \$55,052 | 39% |
| | NOW Legal Defense and Education Fund* | \$98,223 | \$47,810 | 49% |
| | Public Citizen* | \$303,034 | \$132,029 | 44% |
| | Rails to Trails Conservancy* | \$91,416 | \$37,022 | 40% |
| | Sierra Club* | \$116,674 | \$35,816 | 31% |
| | Nature Conservancy, The* | \$224,666 | \$154,624 | 69% |
| | Wilderness Society, The* | \$1,943,357 | \$980,061 | 50% |
| Progressive Group | Unitarian Universalist Association* | \$271,938 | \$195,788 | 72% |
| Reese Brothers, Inc. | Christian Appalachian Project | \$998 | \$728 | 73% |
| | Just Say No International | \$215,579 | \$40,294 | 19% |
| | Mothers Against Drunk Driving | \$1,515,455 | \$620,815 | 41% |
| | National Foundation for Medical Research | \$85,505 | \$13,424 | 16% |

* National campaign

| <u>Solicitor</u> | <u>Charity</u> | <u>Total Revenue</u> | <u>\$ to Charity</u> | <u>% to Charity</u> |
|-----------------------|--|----------------------|----------------------|---------------------|
| | USMC Reserve Toys for Tots | \$1,118 | \$0 | 0% |
| | Vietnam Veterans Memorial Fund | \$3,615 | \$1,009 | 28% |
| Smith Company | Physicians for Social Responsibility* | \$247,005 | \$145,543 | 59% |
| | Wilderness Society, The* | \$275,294 | \$46,211 | 17% |
| Telco | Billerica Police Union | \$37,863 | \$9,466 | 25% |
| | Brockton Fire Relief Association | \$58,402 | \$14,601 | 25% |
| | Dighton Police Association | \$19,732 | \$7,498 | 38% |
| | Hanson Fire Association | \$47,461 | \$14,238 | 30% |
| | Holliston Fire Department | \$27,960 | \$6,151 | 22% |
| | Swansea Police Association | \$45,198 | \$13,559 | 30% |
| | US Police Canine Association | \$9,350 | \$2,805 | 30% |
| | Acushnet Police Association | \$31,988 | \$9,596 | 30% |
| Telesystems Marketing | American Heart Disease Prevention Foundation | \$34,790 | \$10,437 | 30% |
| | American Institute for Cancer Research | \$1,773 | \$532 | 30% |
| | Children's Wish Foundation | \$165,162 | \$29,732 | 18% |

| <u>Solicitor</u> | <u>Charity</u> | <u>Total Revenue</u> | <u>\$ to Charity</u> | <u>% to Charity</u> |
|------------------------------|-------------------------------------|----------------------|----------------------|---------------------|
| | Christian Appalachian Project | \$334 | \$50 | 15% |
| | Guiding Eyes for the Blind | \$1,168 | \$584 | 50% |
| | Mothers Against Drunk Driving | \$42,385 | \$21,192 | 50% |
| | National Children's Cancer Society | \$536,293 | \$195,747 | 37% |
| Twentieth Century Promotions | American Legion District 9 | \$6,922 | \$1,384 | 20% |
| | Fall River Firefighters Memorial | \$4,836 | \$750 | 16% |
| | Fall River PAL | \$20,645 | \$2,130 | 10% |
| | Maplewood Babe Ruth Baseball League | \$1,640 | \$328 | 20% |



The Commonwealth of Massachusetts
Office of the Attorney General
One Ashburton Place,
Boston, MA 02108-1698

SCOTT HARSHBARGER
ATTORNEY GENERAL

(617) 727-2200

JULY, 1992

GUIDE TO THE REGISTRATION AND FILING REQUIREMENTS
OF THE DIVISION OF PUBLIC CHARITIES

Under Massachusetts law, all public charities engaging in charitable work or fund-raising in this Commonwealth must register and file annual financial statements with the Division of Public Charities, Office of the Attorney General (Room 1413, One Ashburton Place, Boston, MA 02108, Telephone 617-727-2200).

Registration

To register, the charity submits to the Division a copy of its charter, articles of organization, agreement of association, or instrument of trust, along with a copy of its by-laws. Any amendments to these materials must also be filed with the Division within 30 days of adoption. (M.G.L. c.12, §8E).

Once the Division has received a public charity's articles of organization or similar instrument, and its by-laws, we assign the charity an Attorney General's account number and enter it onto our list of registered charitable organizations. In addition, we place the registered charity on a computerized mailing list so that it will receive a blank Form PC financial statement each year.

NOTE: If a charity incorporates in Massachusetts under chapter 180, its articles of organization are automatically sent to the Division by the Office of the Secretary of State.

NOTE: Organizations which are primarily religious in purpose are exempt from the registration and filing requirements of the Division.

Filing Annual Financial Statements

M.G.L. c.12, §8F, requires that all registered public charities file with the Division an annual financial report, the Form PC. Such reports are due in the Division, within 4 1/2 months after the conclusion of a charity's fiscal year along with the filing fee of:

- a.) \$25.00 for charity fiscal years ending June 30, 1992 and before.
- b.) for charity fiscal years ending July 1, 1992 and thereafter:

| | <u>Fee</u> | <u>Gross Support & Revenue</u> |
|--------|------------|---|
| (i.) | \$35 | \$0 to \$100,00 |
| (ii.) | \$70 | More than \$100,00 and not more than \$250,000 |
| (iii.) | \$125 | More than \$250,000 but not more than \$500,000 |
| (iv.) | \$250 | More than \$500,000 |

NOTE: It is essential that the charity answer all questions and supply all additional materials requested on the Form PC. Items which do not apply to the charity may simply be answered "N/A".

NOTE: A charity should write its Attorney General's Account Number on all filings and correspondence, including checks, sent to the Division. All checks should be made payable to the Commonwealth of Massachusetts.

Audits

If a registered charity receives more than \$100,000.00 in total gross revenue during a given fiscal year, it must submit to the Division a complete audited financial statement for that year along with its Form PC. This audited financial statement must be prepared in accordance with generally accepted accounting principles and reporting practices as prescribed by the American Institute of Certified Public Accountants, and must also be examined by an independent public accountant or certified public accountant in accordance with generally accepted auditing standards for the purpose of expressing an opinion thereon. M.G.L. c.12, §8F.

NOTE: Effective for fiscal years ending October 31, 1989 and thereafter, a charity whose gross revenue does not exceed \$250,000 may, in lieu of an audit, submit a financial statement accompanied by a CPA's or public accountant's review report.

NOTE: For the purpose of the audit requirement, gross revenue does not include:

1. gains or losses from the sale of a capital asset (M.G.L. c.12, §8F);
2. the value of donated land to a land conservation trust (940 CMR 1:02 (3)(a));
3. the value of an unusual, large, nonrecurring donation of tangible personal or real property to a public charity provided that such property is used in conducting the organization's charitable programs (940 CMR 1:02 (3)(b)).

NOTE: The following public charities are exempt from the audit requirement (940 CMR 1:02 (2)):

1. a private foundation, as defined by IRS Code s.509 (a), which files Federal Forms 990 PF and 990AR with its Forms PC;
2. a trust which files its annual probate account with its Form PC;
3. a trust or other fund which prepares an annual probate account in the form prescribed by G.L. 206, §2, the trustee of which is subject to audit by the Comptroller of the Currency, Federal Deposit Insurance Corporation, or Commonwealth of Massachusetts Commissioner of Banks, and the funds of which are audited by the independent CPA of the institution holding the funds.

Solicitation

Prior to soliciting contributions in Massachusetts or having such contributions solicited on its behalf, a charitable organization must obtain a valid Certificate of Solicitation from the Division. The Certificate of Solicitation presently consists of a yellow copy of the front page of the charity's Form PC. It must be renewed on a yearly basis. G.L. c.68, §19.

- 1) If a charity is already registered with the Division, and its fiscal year ends June 30, 1992 or before, complete Schedule A of the Form PC and submit it to the Division along with your annual report. The Schedule A must be accompanied by a \$10.00 Certificate fee, in addition to the yearly filing fee of \$25.00. Both fees may be covered by one check for \$35.00.

2) If your organization's fiscal year ends July 1, 1992 and thereafter, complete Schedule A of the Form PC and submit it to the Division along with your annual report and appropriate filing fee (see Question No. 2 for list of fees). No fee in addition to the one listed in Question No. 2 is required.

If the charity wishes to begin soliciting prior to the due date of its Form PC, it may submit a short Form PC, which resembles the Schedule A, and a \$50.00 check to the Division as application for a Certificate. The short Form PC is available from the Division.

Pursuant to M.G.L. c.68, 22, a charity required to have a Certificate cannot begin soliciting funds or having funds solicited on its behalf until all contracts with professional fund-raising counsel, commercial co-venturers, or professional solicitors have been filed with the Division.

Professional solicitors, commercial co-venturers, and professional fund-raising counsel are also required to register annually with the Division, as required by M.G.L. c.68, §§22 and 24.

Section 23 of chapter 68 further establishes certain disclosures which professional solicitors, commercial co-venturers, and professional fund-raising counsel must make in the course of their charitable solicitations.

NOTE: M.G.L. c.68, §18, defines commercial co-venturer, professional fund-raising counsel, professional solicitor, and solicitation.

NOTE: The following two categories of charitable organizations are not required to have a Certificate of Solicitation:

1. an organization which is primarily religious in purpose;
- or
2. an organization which does not raise or receive contributions from the public in excess of \$5,000.00 during a calendar year or does not receive contributions from more than ten persons during a calendar year, if all of their functions, including fund-raising activities, are performed by persons who are not paid for their services and if no part of their assets or income inures to the benefit of, or is paid to, any officer or members (M.G.L. c.68, §20).
[However, such an organization must register and apply for a Certificate of Solicitation within 30 days after contributions received from the public during a given year have exceeded \$5,000.00.]

NOTE: Certain organizations, such as unions, which are not normally considered public charities are required to account to the Division for funds raised from the Massachusetts public as a result of a charitable appeal, as defined by M.G.L. c.68, §18, and to obtain a Certificate of Solicitation from the Division prior to using any such charitable appeal in its fund-raising efforts. Such an organization should maintain a separate account for funds raised for charitable purposes and report to the Division on the organizational and financial activities pertaining to that account only. Reporting to the Division entails filing the Form PC, including application for a Certificate, on an annual basis, as required of other charitable organizations. Even if such an organization ceases its charitable solicitations, it must continue to submit its complete Forms PC to the Division on a yearly basis until the charitable funds are expended.

NOTE: The issuance of a Certificate of Solicitation to a charity by the Division of Public Charities does not in any way constitute endorsement or approval of that charity by the Division.

Dissolution:

A Massachusetts charitable corporation must follow a dissolution procedure involving the Division of Public Charities and the Supreme Judicial Court before it can legally cease to exist. Charitable corporations seeking to dissolve should contact the Division and request to be sent the Division's packet containing information and model pleadings explaining the dissolution process.

Basically, M.G.L. c.180, §11A, requires that a corporation must file its petition for dissolution with the Supreme Judicial Court, setting forth the grounds of the application for dissolution and requesting that the court authorize the administration of its remaining assets by other charitable organizations for similar public charitable purposes. The Attorney General is the defendant in the proceeding. The charity's petition should be submitted to the Division for its review prior to filing with the SJC. If everything is in order and all legal requirements are met, the Attorney General commonly indicates his agreement with the petition in the form of an "assent", which the charity can file in court with the petition.

NOTE: From time to time, the Secretary of State may notify a charitable corporation that that office has revoked the corporation's charter for failure to file annual reports. This procedure does not replace the charity's legal obligation to undergo the required dissolution proceedings involving the Attorney General and the SJC.

0098N



The Commonwealth of Massachusetts

Office of the Attorney General

One Ashburton Place,

Boston, MA 02108-1698

SCOTT HARSHBARGER
ATTORNEY GENERAL

(617) 727-2200

January 1993

QUESTIONS AND ANSWERS ON NONPROFIT GAMING EVENTS

Who can hold a raffle or other gaming event?

Only certain kinds of non-profit organizations. This is an exception to the general law prohibiting gambling in the Commonwealth.

An individual may not raffle private property for personal gain. A nonprofit organization may purchase property from a third party and then conduct its own raffle using the property as a prize. In these circumstances the organization is responsible for ensuring that the raffle is a bona fide fundraising event.

What kind of activities are regulated?

A raffle, in which a chance to win is sold to participants, and the winner or winners are selected from the chances actually sold, is regulated by law. Whenever money is charged for the ticket or chance, the raffle can be legally operated only by a nonprofit organization. The funds received must be used only for the purposes specified in the law. If no money is charged, anyone can legally operate a raffle, and businesses often do so for promotional purposes. Consumer protection laws apply to all raffles.

Casino or Las Vegas nights, offering the opportunity to play games of chance, also are regulated and can be legally operated only by a nonprofit organization. The funds raised must be used for specified purposes.

Beano (bingo) games are regulated under the law by the Lottery Commission. For information call 849-5555.

The operation of a lottery by anyone other than the State Lottery Commission is illegal. A lottery is a game in which chances to win are sold but it is possible that no one will win (because the number drawn is not one which was sold).

What kinds of nonprofit organizations can hold raffles or sponsor Las Vegas nights?

A nonprofit organization which has been in existence in Massachusetts for not less than two years and which is one of the following kinds:

- (a) veterans' organizations;
- (b) churches or religious organizations;
- (c) fraternal or fraternal benefit societies, such as unions, Elks Clubs, etc.;
- (d) educational or charitable organizations;
- (e) civic or service clubs or organizations, such as the Jaycees; and
- (f) clubs or organizations organized for pleasure, recreation, or other nonprofit purposes, such as a garden club or a softball team.

The organization does not need to be incorporated.

Can a municipal or governmental organization, such as a public school or conservation commission, hold a raffle or sponsor a Las Vegas night?

No. These organizations do not fit within any of the authorized categories.

What is the law about the use of the funds raised?

The funds raised must be used for educational; charitable, religious, fraternal or civic purposes or for veterans' benefits.

Are there rules about raffles?

Yes. They apply if the value of the prize or prizes exceeds \$10,000 or the cost of a ticket is more than \$10.00. If you need a copy of the rules, call 727-2200, ext. 2101, and ask for a copy of the Attorney General's Regulations Governing Raffles. You might find them to be a helpful guide even if you are running a smaller raffle. Also ask for a copy of the law: Chapter 271, section 7A, "Conduct of Raffles and Bazaars."

Are there rules about how a Las Vegas night event should be operated?

Yes. They are set out in the Attorney General's Regulations Governing Bazaars ("bazaar" is the word used in the statute to describe Las Vegas or casino nights). These rules cover all events except those held at a facility which is licensed for beano; the rules for these events are issued by the Lottery Commission.

One of the most important rules for a Las Vegas night event is that all the operators of the games must be bona fide members of the sponsoring organization and the function must be supervised by a bona fide member. If your organization plans to sponsor a Las Vegas night event, you should call 727-2200, ext. 2101, and ask to be sent a copy of the Attorney General's Regulations Governing Bazaars. Also ask for a copy of the law: Chapter 271, section 7A, "Conduct of Raffles and Bazaars."

Is a permit needed? If so, how is it obtained?

A permit is necessary for both a raffle and a Las Vegas night event. Permits are issued by the clerk of the municipality in which the winning raffle number is going to be drawn or the event is going to be held.

The clerk will notify the Lottery Commission that a permit has been issued and the Commission will send you the necessary tax return forms. The clerk will provide you with the form needed to file a report with the clerk's office.

Who can sell raffle tickets?

Only the qualified members of the sponsoring organization. They cannot be paid for their time or efforts.

Who can operate the games at a Las Vegas night?

Again, only the qualified members of the sponsoring organization. They cannot be paid for their time or efforts. Employees of the company furnishing the equipment or supplies for the event are prohibited from operating any of the games themselves.

How many raffles may be held during a year?

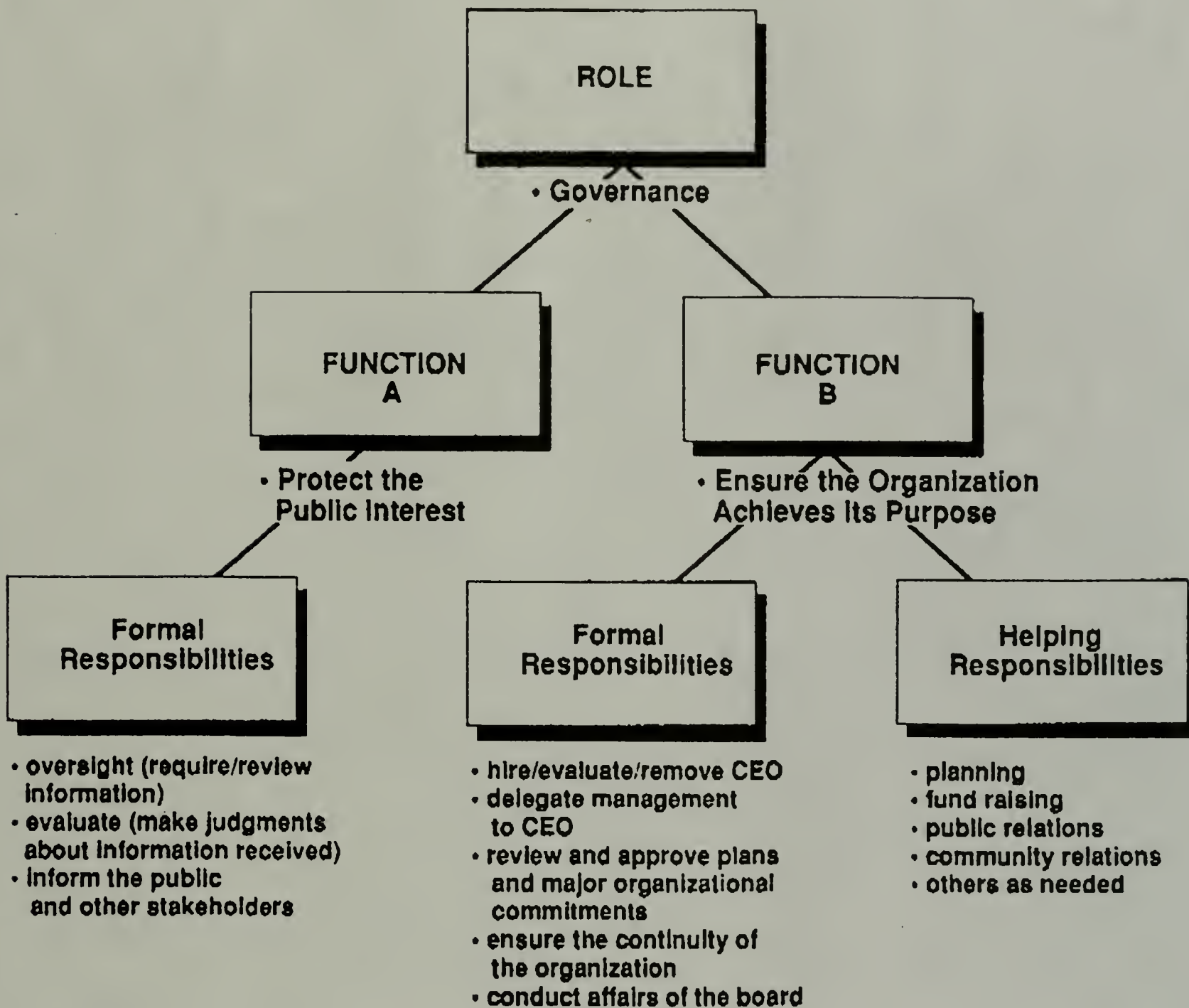
There is no limit. The permit from the municipality is good for one year from the date it is issued.

How many Las Vegas nights may be held during a year?

No more than three during any calendar year. The event can last no more than five consecutive hours, and there cannot be more than one event during any single day.

6224N

The Board of Directors



The Role of the CEO: Management
 (The board delegates this role and its functions.)

Functions:

- A: Planning
- B: Organizing
- C: Staffing
- D: Directing/Leading
- E: Controlling

